

# **LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO**

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**DATE: MAY 7, 2007**

**FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer**

**TO: LOCAL AGENCY FORMATION COMMISSION**

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**SUBJECT: Agenda Item #11B – Review and Adoption of Final Budget  
for Fiscal Year 2007-08**

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## **RECOMMENDATION:**

1. Adopt the Fiscal Year 2007-08 Final Budget as modified.
2. Approve the Revised Memorandum of Understanding between the County Information Services Department and LAFCO subject to review by LAFCO Legal Counsel, and authorize the Executive Officer to sign the Agreement following completion of Legal Counsel review and file it with the County Administrative Officer, Auditor/Controller-Recorder and County Chief Information Officer.
3. Direct the Executive Officer to submit to the County Auditor/Controller-Recorder the adopted Final Budget and request the apportionment of the Commission's net costs to the County, Cities/Towns and Independent Special Districts pursuant to the provisions of Government Code Section 56381.

## **BACKGROUND:**

The Commission's annual budget process began at the April hearing through adoption of the Proposed Budget for Fiscal Year 2007-08. The Proposed Budget included an outline of the anticipated appropriations, revenues, and policy items for Commission consideration. The recommendation adopted at the April hearing included: the approval of a 3.0% cost-of-living increase for LAFCO employees (excluding the Executive Officer); the addition of an additional Deputy Clerk to the Commission position; and continuing support

from the County Information Services Department related to computer operations, website operations and digitized mapping.

Following the April hearing, the Proposed Budget was forwarded for comment, as required by Government Code Section 56381. As of the date of this report, no comments or concerns have been provided by any of the Cities, Towns, Independent Special Districts, or the County regarding the Proposed Budget as adopted at the April hearing. If concerns are received following the publication of this report, staff will provide those to the Commission at the hearing along with an oral response. Copies of the Final Budget Spreadsheet and the Budget Narrative are included as Attachments #1 and #2 respectively to this report.

However, in the interim between hearings, two issues have developed which require additional review by the Commission:

1. Staff has learned of an additional benefit change, to take effect July 7, 2007, which will increase the LAFCO contribution to the Flexible Health Spending Account for each employee from up to a \$20 per pay period match to up to a \$40 match per pay period. This change will increase the estimated cost of Account 1305 – Other Medical Reimbursement Plan by \$3,120. The Final Budget has adjusted Account 1305, with a corresponding reduction to Account 6025 – Reserves, to accommodate this increase in expenditure authority.
2. At the April hearing staff requested and received authorization to renew the Production Support Agreement with the County's Information Services Department (ISD) to provide computer-related support for the office's network, the Commission's website and the digitized mapping program.

However, in the interim between hearings staff has been working with County staff to resolve issues regarding the County-wide Cost Allocation Plan (COWCAP) charges to LAFCO for these ISD services. These ISD services include the geographic information systems utilized in maintaining the digitized mapping capabilities, the maintenance of the Commission's website, support for the internal office network system and other functions. At issue, from the LAFCO staff position, is the inclusion of additional costs through the COWCAP Plan. The COWCAP Plan addresses costs and payments from two years prior, Fiscal Year 2005-06. In the COWCAP Plan an additional \$23,254 is being charged to LAFCO for the services identified as GIS Services (281 hours), Countywide Tech Dev (5 hours), System Dev Services (57 hours) and Direct Charges (\$8,019) after recognition of payments made during the

2005-06 period, according to COWCAP, of \$17,553. This represents a total of 343 hours for these services at a total cost of \$40,807 during Fiscal Year 2005-06.

However, during the Fiscal Year 2005-06 period, LAFCO paid \$22,401 pursuant to the Production Support Agreement, according to the records of the Financial Accounting System (FAS), to ISD for services provided, which included the payment of 83.5 hours and \$6,087 in direct charges for GIS Support, 45 hours for Application Support, and 92 hours for Data Services. This totals 220.5 hours for all of these services. LAFCO staff remains unclear on the 343 hours of service identified and charged in the COWCAP Plan. Discussions regarding this issue are ongoing.

In order to alleviate this billing problem in the future, including next Fiscal Year, LAFCO and County staff are proposing a change to a Memorandum of Understanding between ISD and LAFCO regarding the payment of costs through the COWCAP Plan for items including, but not limited to, the maintenance of the Commission's website and graphical support for mapping functions and those paid annually on a "fee for service" basis. Attached to this report is the Draft Memorandum of Understanding (Attachment #3) which reflects this change -- the same type of agreement that was approved by the Commission for the County Auditor/Controller-Recorder services in September 2004. This agreement will require that LAFCO be provided a monthly activity report detailing hours being charged during the fiscal year to allow for verification of hours when the COWCAP report is issued.

The staff will be happy to answer any questions from the Commission prior to or at the hearing regarding any of the items within the budget documents or this report.

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Attachments:

1. [Final Budget Spreadsheet](#)
2. [Budget Narrative](#)
3. Draft Memorandum of Understanding Between ISD and LAFCO